

STATEMENT OF

MR. HENRY ZELL

**MEMBER OF THE
MONTANA FARMERS UNION**

**ON BEHALF OF THE
NATIONAL FARMERS UNION**

BEFORE THE

**SUBCOMMITTEE ON CONSUMER AFFAIRS,
FOREIGN COMMERCE AND TOURISM**

OF THE

**SENATE COMMITTEE
ON
COMMERCE, SCIENCE AND TRANSPORTATION**

JULY 26, 2001

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Chairman Dorgan, Ranking Member Fitzgerald, members of the subcommittee. I am Hank Zell, a third generation grain and livestock producer from Shelby, Montana. Shelby is a farming community located about 85 miles north of Great Falls and 30 miles south of the Canadian border. I raise about 2400 acres of hard red spring wheat and barley each year in a summer fallow rotation and also maintain pasture for my livestock herd. It is a pleasure to appear before you today on behalf of the 300,000 family farmer and rancher members of the National Farmers Union (NFU) to discuss the impact of differential pricing of pesticides between the U.S. and Canadian agricultural markets.

Mr. Chairman, the NFU commends you, and Senators Burns, Baucus, Conrad, Daschle and Johnson for the introduction S. 532, legislation to amend the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) to establish conditions that would allow a state to register a Canadian pesticide for use within that state if the products is substantially similar or identical to one already registered in the U.S. We fully support this legislative initiative.

Since the ratification of the Canada-U.S. Trade Agreement (CUSTA), North American Free Trade Agreement (NAFTA) and the Agreement on Agriculture in Uruguay Round of the World Trade Organization (WTO); U.S. grain farmers, particularly those in the northern tier of states, have been frustrated by a number of trade issues with Canada due to provisions of the agreements. Since adoption of the agreements, Canadian exports of wheat and barley to the U.S. have increased many-fold, even though the U.S. is a large surplus producer of these crops. This has resulted in clogged transportation and warehousing facilities near the border, increased competition for sales in our own domestic market and reduced producer prices for wheat and barley.

There are numerous reasons why the open border with Canada that was created by trade agreements has harmed U.S. producers, including Canada's regulated marketing and transportation system, that are beyond the scope of this hearing. However, one key economic issue that has served to disadvantage U.S. farmers relative to our Canadian neighbors is the effect of our own pesticide labeling regulations on production costs. U.S. pesticide product labeling requirements have clearly provided pesticide manufacturers the opportunity to engage in differential pricing for similar or identical products between the U.S. and Canadian markets in ways that generally advantage Canadian farmers over U.S. producers without a further contribution to food, consumer, worker or farm operator safety.

It seems hypocritical, that under the guise of free trade, we allow the import of food products from other countries that may be produced with pesticides that are illegal to use in this country or applied in a manner that may well be outside the strict limitations established under U.S. regulations. At the same time U.S. farmers are prohibited from the opportunity to purchase pesticide products in Canada that are identical to those registered for use in this country.

The purpose of FIFRA, administered by the Environmental Protection Agency (EPA), is to utilize the best available science in registering pesticide products to assure consumer safety of the food products to which they are applied as well as ensure their safe and effective use by producers and farm workers. I do not believe it was the intent of Congress to provide a shield for the manufacturers and marketers of pesticides so they could “gouge” their U.S. customers. Unfortunately that is exactly the experience we face under current U.S. regulations

The environmental and agronomic factors that affect my farming operation are comparable to those experienced by farmers in the Canadian prairies. However, their input cost structure is significantly different than mine. Part of this difference is related to the type and level of federal and provincial programs available to farmers when compared to those in the U.S. A significant difference in farming costs, however, can be directly attributed to the wide differential in the cost of pesticides that I pay versus those paid by my Canadian neighbors who are also my competitors in the agricultural market.

In the attached table, I have provided a comparison of the per acre costs for a variety of registered pesticides that I utilize on my farm and are typical for the spring wheat and barley crops produced in this region, in both the U.S. and Canada. The U.S. pricing information was obtained from my local dealer. A farm-input supplier whose business is located just across the border provided Canadian prices. I believe these pesticide prices are consistent with other information that has also been provided the subcommittee.

At a minimum, I must annually treat all 2400 of my wheat and barley acres for two types of weeds – broadleaf weeds and wild oats. In addition, I generally spray two applications of a non-selective herbicide on about 500 acres of summer fallow. Typically, I would apply the product Assert to control wild oats, and utilize a combination of Puma plus Bronate for broadleaf weeds on my crop acres. My normal practice is to also apply Roundup on a portion of my summer fallow acres to control weeds and conserve valuable soil moisture for the next year’s crop. Under this scenario, my bill for crop pesticides will be \$26,396 per year greater because I farm in the U.S., than if I were a farmer in Canada. For me this is serious money, representing about 10% of my farm’s total gross crop income.

Under the proposed legislation, a state, such as Montana, a farm organization or a farm supply company could serve as a U.S. registrant for Canadian pesticides if they are identical or substantially similar to U.S. registered products. Most, if not all, of the pesticides I normally use fit within this requirement and would therefore be eligible for purchase and use on my farm after affixing the appropriate U.S. registration label onto the container. While my \$26,396 savings would be reduced by some additional transportation and re-labeling costs, the impact on my farm would still be substantial. The potential access to less costly pesticides provided by this legislation should result in more consistent nationwide and regional pricing policies by the manufacturers that will benefit all producers who utilize products that are registered in both countries.

The NFU is not seeking to reduce the level of regulation and oversight provided by the EPA for the safety of agricultural pesticides. In fact, we support a more globally harmonized system of regulation

based on scientific principles and risk assessment for these products to extend greater levels of safety to all producers and consumers through regulations that are comparable to those contained in the U.S. system. This legislation does not weaken that objective. It simply provides the opportunity for economic relief from an artificially maintained pricing system affecting products that have been approved or are comparable to those registered by the EPA.

We support this legislation because it engenders fair market conditions and competition between the U.S. and Canada by reducing the potential for differential pricing by pesticide manufacturers. Additionally, it can provide greater equity and economic opportunity for U.S. agricultural producers by eliminating the ability of pesticide manufacturers to hide behind a U.S. regulatory technicality.

Mr. Chairman, I appreciate the opportunity to share my personal experiences with the subcommittee today and offer the support of the National Farmers Union for the pesticide harmonization legislation you and Senator Burns have introduced. We look forward to working with you to achieve passage of this important bill as expeditiously as possible. I will be pleased to respond to any questions you or your colleagues may have.

Comparison of Canadian and U.S. Pesticide Costs per Acre

Chemical	Pesticide Type	Canada		U.S.	Difference U.S. - Canada
		Price/A (Cdn \$)	Price/A (US \$)^	Price/A (US \$)	
Assert	Herbicide	15.91	10.31	13.72	3.41
Banvel	Herbicide	2.99	1.94	1.41	-0.53
Curtail	Herbicide	10.55	6.84	9.53	2.69
Puma Super*	Herbicide	15.96	10.34		
Puma + Bronate	Herbicide			17.02	6.68
Tilt	Fungicide	13.76	8.92	10.87	1.95
Round Up	Herbicide	4.50	2.92	5.10	2.18

^Canadian dollar = .6480 U.S. dollars

*Pre-mixed with Bronate, adds about U.S. \$2.77 per acre to cost of Puma